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# UA25/2 Connections

WKU Human Resources

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# CONNECTIONS

KEEPING WKU EMPLOYEES IN TOUCH

## Educational Assistance Programs Granted Continued Tax Relief

On August 5, 1997, President Clinton signed the Taxpayers Relief Act of 1997. Among other things, the new law reinstates and extends the \$5,250 exclusion for employer-provided educational reimbursements for expenses paid for undergraduate courses beginning before June 1, 2000. The new law does not, however, reinstate the exclusion for graduate level courses which expired for courses taken after June 30, 1996. Therefore, Western employees may continue to take undergraduate courses on a tax-free basis up to the maximum exclusion amount. Any graduate courses taken will be included as additional income in May and December of each year. Appropriate taxes will be withheld from May paychecks for spring semester courses and from December paychecks for summer and fall semester courses.

## University Approves New General Diploma (G.E.D.) Program

**A**s part of the University's continuing emphasis on the educational development of all employees, the Interim President and Vice Presidents have unanimously endorsed the initiation of the University General Education Diploma Program at a recent meeting. This program is particularly focused on those full-time employees who do not have their high school diploma. As a part of this program, on-campus classes will be offered in writing, social studies, science, mathematics, literature, and art appreciation to help prepare enrolled employees for the G.E.D. examination. Employees enrolled in the program will be allowed to attend classes during their scheduled work-week for up to four hours per week with no loss of pay or benefits. Individuals must show continued

progress in order to remain in the program. A review of the progress of each individual will be performed each 13 weeks. Supervisors are being asked to encourage participation of those employees reporting to them who may benefit from this program. Employees wishing to participate should contact their supervisor and the Department of Human Resources at ext. 2071 or stop by Wetherby room 42 for more information. The University General Education Diploma Program is coordinated with the Adult Learning Center, Bowling Green City Schools.

## Only Pre-approved Driving for Temporaries

It has come to our attention that some Quality Personnel temporary employees who are employed by Western have been asked to drive automobiles. Please note that Quality Personnel, our temporary employee provider, requires pre-approval for any of their employees who are asked to drive a vehicle in the course of their duties. Please contact the Department of Human Resources if you have questions about this policy.

## Health Insurance Update

At its July Meeting, the Board of Regents gave approval for the continuing investigation of the advantages of creating a new self-funded health insurance program. This concept was discussed in the August/September issue of CONNECTIONS. Since that time, the Department of Human Resources has moved forward on this approach. At this point, we have developed a new plan design based on information gained from employee focus groups and an analysis of current health plan participation statistics. The plan being considered is a POS (point of service) plan which has features common to a HMO (health maintenance organization) and PPO (preferred provider organization). The POS plan would prescribe a hospital/physician network similar to a HMO, but would allow out of network benefits if an employee elected to receive services from a non-network provider. Any out of network services would be subject to an additional annual deductible. Quotes are being received and evaluated from several different companies who could administer the self-funded program.

If a self-funded program is determined to not be favorable to the university and employees, at least two other options are available. One option is to continue participation in the Kentucky Health Purchasing Alliance (Alliance). The 1997 plan year marked Western's first participation in the Alliance, which offers several standardized plan designs through several different companies. Participation in the Alliance was prompted by extremely high renewal rates proposed by Blue Cross Blue Shield and Health-



Wise. While participation in the Alliance has been generally favorable in terms of cost and coverage options, the university and employees have experienced both administrative and service problems. The Alliance has provided to us renewal rates for 1998 which will increase average single coverage rates by 7.4 percent and average family premiums by 5 percent for the most popular plan designs. Blue Cross Blue Shield and HealthWise are not offering coverage for 1998. CHA, Humana, and Kentucky Kare are the identified providers.

The other option is to offer a fully-insured program outside the Kentucky Health Purchasing Alliance (Alliance). Since Western is no longer mandated to participate in the Alliance, we may offer any of the standardized plan designs through another company outside the Alliance. This could be a favorable option. Quotes on this approach are being received and evaluated as well.

Because of this extended study of our health insurance program, annual enrollment for benefit programs will take place in early November. Prior to enrollment, we will make sure you are provided with the information you need to make these important decisions.

If you have any questions about health insurance, please contact Tammy Adams, Employee Benefits Manager at 5346.

## Tammy Adams Joins HR Team

The Department of Human Resources is pleased to announce that Tammy Adams has joined our staff as Employee Benefits Manager. In this position, Tammy will be responsible for the design, coordination, and implementation of the various benefit programs offered by the University. Tammy is a Western graduate with a bachelor's degree in Health Care Administration. She was formerly employed by Center Care where she was recognized by her peers for her knowledge of the health care indus-

try and her exemplary customer service skills. Tammy is a lifelong member of the Bowling Green community. She is married to Charles who is employed by Charles M. Moore Insurance Agency and they have an eight-month old son, Will. Tammy replaces Rick Shreve who resigned to enter private business.

## New Educational Leave of Absence Policy Approved for Non-Faculty Employees (Effective Sept. 2, 1997)

The Executive Officers recently approved a policy pertaining to educational leaves of absence. This policy helps to formalize and ensure fairness of educational leaves which were previously handled on a case by case basis.

**Policy** - In promoting our educational mission, Western Kentucky University encourages employees to take advantage of opportunities available for personal growth and professional development. The University offers several benefit programs and offers pay rewards for educational achievements. Employees, dependent children, and spouses are eligible for tuition scholarships for courses taken at WKU. Employees who complete degrees and/or receive certificates or licensure (from Western or another institution) are rewarded with pay.

An unpaid educational leave of absence may be granted to full-time regular employees for a period of up to one (1) year at the discretion of the appropriate department head and upon approval through administrative channels. Leave will only be granted in cases where course work is considered to be related to the employee's current position. For each leave request the department head shall consider the individual circumstances, including the impact the leave will have on the department, the specialization of the position, and the practicality of replacing the employee for the period of the leave. The leave will not be granted unless the employee intends to return

to work at the university at the expiration of the leave period. The employee must be willing to return to employment for the same period of time as leave granted. Upon return, the employee will be placed in his/her previous position or a comparable position at the same salary he/she was making at the time the leave period originated. In cases where unit reorganization and/or job elimination may have occurred, the employee returning from leave will be treated as similarly situated employees.

During an approved educational leave, the employee may continue his/her benefits by paying both the employee and employer's share of benefit cost. Retirement contributions will not be paid to KERS or KTRS for an educational leave of absence. However, the employee may purchase retirement credit by paying both the employee's and employer's share of contributions. Contact should be made with the Department of Human Resources for benefit arrangements prior to commencing an educational leave.

**Procedure** - Employees may apply for an unpaid educational leave by letter to the appropriate department head. If approved by the department head, a Form 4 should be prepared with the employee's letter attached and forwarded through administrative channels for approval or disapproval.

Upon return from leave, the department head should prepare a Form 4 indicating the employee is returning from leave so that the employee can be returned to the payroll.

## The Importance of Insurance Company Ratings

In today's economic climate, the issue of financial strength and stability, or an insurance company's ability to meet obligations as they come due, is of critical importance. Rating agencies evaluate an insurance company's financial status and its management abilities. In short, agencies judge how



likely it is that an insurance company will be able to pay policy holder claims. Customers and prospective customers of insurance companies can benefit from reviewing these analysts' ratings. Most of us don't have the expertise or training, let alone the time, to examine an insurance company's investment portfolio or business structure. In addition, we probably don't have ready access to the detailed information necessary for a full examination.

By reading the rating analyses published by the independent analysts, customers can better determine which insurance companies have the resources that provide strength and stability. Armed with these ratings, prospective customers can then base company selection on their products, services and performance.

**The major factors reviewed** - While numerous factors are involved in an exhaustive analysis, too many to list here, this article provides an overview of the main areas evaluated by most independent analysts. The major rating criteria can be separated into two categories: quantitative and qualitative.

Quantitative data are the measurable pieces of financial information, such as profitability, capital adequacy and operating leverage, liquidity and investment risk.

Qualitative data, then, are the subjective aspects of a business which cannot be measured, such as experience, character and general caliber of management; the type of products offered; the company's market niche and competitive advantage; and value-added services offered to customers.

QUANTITATIVE DATA	QUALITATIVE DATA
Profitability	Management
Capital Adequacy and Operating Leverage	Products
Liquidity	Market Niche
Investment Risk	Value-added Services

In all, rating agencies provide you with expert opinions while helping to keep a watchful eye on the business activities of the industry in general.

#### INDEPENDENT ANALYSTS' RATINGS

RATING	A.M. BEST	DUFF & PHELPS	MOODY'S	STANDARD & POOR'S
Highest	A++ and A+ Superior	AAA	Aaa Exceptional	AAA Superior
Second	A and A- Excellent	AA	Aa Excellent	AA Excellent
Third	B++ and B+ Very good	A	A Good	A Good
Fourth	B and B- Good	BBB	Ba Questionable	BBB Adequate
Fifth	C++ and C+ Fair	BB	B Poor	BB Adequate, but Vulnerable
Sixth	C and C- Marginal	B	Caa Very Poor	B Vulnerable
Seventh	D Below minimum Standards	CCC	Ca Extremely Poor	CCC Extremely Vulnerable
Eighth	E Under State Supervision		C Lowest	CC At or in Default
Ninth	F Liquidation			R Regulatory Action

**Note:** Moody's applies numerical modifiers 1, 2 and 3 in each generic rating category from Aa to B. The modifier 1 indicates that the insurance company ranks in the highest end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the company ranks in the lower end of its generic rating category.

**Note:** Standard & Poor's AAA to CCC ratings may be modified by a plus (+) or minus (-) sign to represent relative standing within a category.

Contributed by VALIC

## Dollar Cost Averaging

How would you like to buy stocks for less?

What if you learned of an investment strategy many investors employ to help them "even out" the cost of buying stocks and minimize guesswork about the best time to buy?

Would you try it?

The strategy exists, and you can test it for yourself. It's that easy.

### Average Cost vs. Average Price

It's called "dollar cost averaging," and the average cost of the stock purchased will always be less than the average market price. \*Here's how to do it.

Instead of investing all your money in a single lump sum, with "dollar cost averaging" you invest a set amount of money regularly, regardless of the market price.\*\*

### No More Second-Guessing

Stop worrying about predicting share price movements. Designed to work over the long term, dollar cost averaging helps you achieve a lower average cost per share, compared with the average price (value) per share of the investment over the same time period.

### Putting Time On Your Side

Making regular investments puts time on your side. By regularly investing the same dollar amount in a specific mutual fund, stock, or variable annuity, you avoid buying your total number of shares at the highest prices.

You automatically purchase fewer shares at higher prices, and more shares at lower prices, ensuring a lower average price over time.

### Here's How It Works

The following table shows what happens if \$120 is invested monthly in a hypothetical stock fund whose share price during this period fluctuates between \$20 and \$40. The total investment of \$480 has purchased 19 shares, resulting in an average share cost of \$25.26. The average share price over this same period, however, came in



at \$27.50 - \$2.24 higher! **Few of us have the time or knowledge to try to time the market. Use dollar cost averaging to help you minimize the risks of market timing.**

Month	Amount Invested	Price Per Share	Number of Shares
January	\$120	\$ 20	6
February	\$120	\$ 30	4
March	\$120	\$ 40	3
April	\$120	\$ 20	6
Totals	\$480	\$110	19

Average market price (\$110/4months): \$27.50

**Dollar cost averaging price (\$480/19 shares): \$25.26**

\*Since dollar cost averaging involves continuous investment regardless of fluctuating share prices, an investor should consider his or her ability to continue purchases through periods of low price levels. Dollar cost averaging does not ensure a profit or protect investments from loss in a declining market, or against loss if an investor stops the program when the account value is less than the cost of the shares purchased.

\*\*Dollar cost averaging assumes that the share price fluctuates. If a share price only increased over time, investing in a single lump sum would enable an investor to buy at the lowest possible price. But share prices generally increase and decrease.

Contributed by TIAA CREF

## Why Are We Here?

Over the course of several weeks, Human Resources team members have engaged themselves in a discussion of "why are we here"? and "what is our role"? These discussions were sometimes uncomfortable, sometimes emotional, sometimes frustrating, sometimes fun, but most importantly were productive in the end. The result was a mission, value, and service definition for the Department. We want to share this information with you and want you to know that we are all committed to living up to the commitments we have placed on ourselves.

### Mission Statement

The Department of Human Resources provides progressive leadership and management in the areas of recruitment, compensation, benefits administration, training and development, and employee relations to maintain a talented and highly motivated workforce.

### Value Statement

Honesty, fairness, respect, and professionalism will prevail in everything we do.

### Service Motto

Delivering Extra Ordinary Services to Extra Ordinary People.

## HUMAN RESOURCES STAFF

Mary Ann McGehee - Human Resources Associate; Diana Jones - Data Management Associate; Beth Littrell - Office Associate; Sara Hayes - Employee Benefits Associate; Ivy Roberson - Employment Manager; Tammy Adams - Employee Benefits Manager; Ken Burch - Training and Development Consultant; Cheryl Smith - Compensation Manager; Tony Glisson - Director

The information contained in this newsletter is not to be interpreted as policy or to impose obligations on the institution unless specifically stated. Rather, the material is designed to communicate general information for the use and benefit of Western Kentucky University employees.

Visit our Home Page at [HTTP://wkuweb1.wku.edu/Dept/Support/HR/](http://wkuweb1.wku.edu/Dept/Support/HR/) - CONNECTIONS is made possible through financial partnerships with Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA CREF) and Variable Annuity Life Insurance Company (VALIC).

## Timesheet "Blues"

We need your help to ensure that our timekeeping and leave system works as it should. We continue to have significant errors in running the computer generated timesheets because they are not completed properly.

We are finding that forms are partially completed or contain errors. In completing your timesheet, use care to make sure each "bubble" is fully shaded (filled in). Also, the number of TOTAL hours reported for vacation and/or sick time should agree with the hours indicated in the daily reporting section. Please remember that timesheets are due in the Department of Human Resources by the 10th of each month for all full-time employees. Your assistance with this will be greatly appreciated.

## OOPS, We Goofed!

Clay Diamond was inadvertently omitted in the August/September issue of CONNECTIONS which identified members of the Staff Advisory Council. Clay is employed in the Department of Facilities Management and represents employees in the technical/ skilled/ service/maintenance job groups.

He is serving a two-year term which began July 1, 1997. Clay, we apologize for this error.